GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:91
ANSWERED ON:19.07.2002
REFINANCE RATE OF INTEREST CHARGED BY NABARD
GADDE RAMAMOHAN;SUBODH MOHITE

Will the Minister of FINANCE be pleased to state:

(a) whether the rate of interest in all sectors have been brought down during the past two years by regular intervention through the policies of RBI/Union Government;

(b) if so, whether the NABARD is charging very high rate of interest and some state Governments had called for reduction in the re-finance rate of NABARD to help poor farmers;

(c) if so, the reaction of the Union Government in this regard keeping in view of the impact on agricultural credit; and

(d) the corrective steps likely to be taken by the Union Government?

Answer

FINANCE MINISTER (SHRI JASWANT SINGH)

(a), (b), (c) & (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b), (c) & (d) OF LOK SABHA STARRED QUESTION NO.91 FOR REPL ON 19TH JULY, 2002 TABLED BY SHRI SUBODH MOHITE AND SHRI RAM MOHAN GADDE REGARDING REFINANCE OF INTEREST CHARGED BY NABARD

(a): Yes, Sir. The interest rates in the economy have shown softening trend in the recent past.

(b): National Bank for Agriculture and Rural Development (NABARD) provides refinance facilities for production credit to cooperative banks and regional rural banks at interest rates ranging between 5.5% and 7.5%, which cannot be regarded as a very high. However, requests from some State Governments have been received for further reduction in the refinance rate of NABARD.

(c) & (d): It is the endeavour of the Government to provide adequate and timely credit to farmers at reasonable rate of interest. Government/Reserve Bank of India (RBI) and NABARD have taken several steps in this regard viz. introduction of Kisan Credit Car Scheme, waiving of collateral/security for loans upto Rs.10,000/-, Rashtriya Krishi Bima Yojna, opening of specialized agricultural finance branches, etc.